

WEEKLY ECONOMIC REVIEW

November 2, 2007

Alberta continued to lead the provinces with the lowest unemployment rate of 3.4% in October. The tight labour market pushed the growth of average hourly wage rate to 5.6% from last year, significantly higher than the national increase of 4.1%. The national employment level rose by 63,000, bringing the unemployment rate to a new 33-year low of 5.8% in October.

The Canadian economy displayed steady growth in August as real GDP grew by 0.2% from the previous month. A rebound in retail sales fuelled the growth as this sector posted a 1.3% gain. Manufacturing activity stalled, but on a positive note managed to elude further contraction.

Despite ensuing concerns over the housing crisis and the credit crunch, the U.S. economy managed to exceed expectations as it grew 3.8% on an annual basis. The increase was driven by a surge in exports supported by the weak dollar. Employment also increased by a stronger-than-expected 166,000 jobs and the unemployment rate remained steady at 4.7%.

As expected, the U.S. Federal Reserve cut the Federal Funds rate by 25 basis points to 4.5%. In its statement, the Fed viewed this as a precautionary move against the forthcoming intensification of the housing correction.

Cdn Dollar (US\$/C\$)

November 2, 2007	106.9
October 26, 2007	104.0
2007-08 YTD	95.0

WTI Oil US\$/bbl

November 1, 2007	\$ 93.49
October 25, 2007	\$ 90.46
2007-08 YTD	\$ 72.63

Nymex Natural Gas C\$/MMBtu*

November Contract	
November 2, 2007	\$ 8.13
October 26, 2007	\$ 6.93

*Estimate based on Nymex Futures Market Price

Oil prices also broke a record high this week at US\$94.53/bbl. The confluence of rising oil prices, a cut in the U.S. key interest rates, and strong gains in employment in Canada pushed the loonie to an historic high of 106.85 cents US.

Despite a surge in commodity prices, both the Industrial Product Price Index and the Raw Materials price index declined by 0.9% in September. Falling prices for motor vehicles, primary metal products, and pulp and paper products and a stronger loonie contributed to the decrease.

This week, the House of Commons passed the government's proposal to grant broad-based tax relief to Canadian households and businesses. The tax cuts are expected to reduce taxes by nearly \$60 billion over the next five years.

Economic Indicators Released this Week	Reference Period	Month/Previous Month (M/M)	Month/Previous Year's Month (Y/Y)	Year-to-date ¹
Employment (000s)	October			
Alberta	1,977	0.2%	3.9%	4.9%
Canada	16,986	0.4%	2.5%	2.3%
United States	138,421	0.1%	1.2%	1.4%
Industrial Product Price Index (1997=100)	September			
Canada	113.6	-0.9%	0.1%	2.3%
Raw Materials Price Index (1997=100)	September			
Canada	174.6	-0.9%	9.1%	6.0%

Source: Statistics Canada, U.S. Census Bureau, National association of realtors ¹Year-to-date 2007 compared to the same period in 2006